

Exhibit No. 9

Date 4-9-13

No. HB 13

Senate Finance and Claims
Relevant Background Information for House Bill 13
Prepared by Paula Stoll,
State Human Resources Division
April 9, 2013

Competitiveness of State Employee Pay *(please refer to the 2013 Employee Profile for more information)*

- The average executive branch employee earns about 14.5% less base pay than their private- and public-sector counterparts in the prevailing labor market.
- The executive branch's overall turnover rate is now close to 13%, climbing at the rate of one percent each year since 2009.
- State employees are retiring at records rates (retirement rate in CY 2012 was 25% greater than the CY 2009 retirement rate).
- Executive branch workers have not received across-the-board pay increases in over four years, since October 2008. In the same time, according to the Quarterly Census of Employment and Wages published by the Bureau of Labor Statistics:
 - o Federal government wages increased by 6.6%
 - o Montana's local government wages increased by 7%, and
 - o Montana private sector wages increased by 8.1%.
- Roughly 66,700 jobs will be created in Montana between 2011 and 2021, according to the U.S. Department of Labor. Most of those jobs (80%) will be in the service sector in which state government will directly compete (administrative, maintenance, health care, social service, lawyers, computer services, education workers, etc.)

FY 2012 Broadband Pay Plan *(Legislatively enacted in 1997, the broadband pay plan gives state agencies more flexibility, within their budgets, to customize their pay strategies.)*

- Slightly more than half the executive branch employees received adjustments in FY 2012:
 - o About 70% of those adjustments were intended to address the worst pay problems – *in other words, to the most underpaid employees by occupations.*
 - o Nearly 90% of the employees who received adjustments in FY 2012 were in non-supervisory, non-managerial jobs.

Senate Finance and Claims
Relevant Background Information for House Bill 13
Prepared by Paula Stoll,
State Human Resources Division
April 9, 2013

Competitiveness of State Employee Pay *(please refer to the 2013 Employee Profile for more information)*

- The average executive branch employee earns about 14.5% less base pay than their private- and public-sector counterparts in the prevailing labor market.
- The executive branch's overall turnover rate is now close to 13%, climbing at the rate of one percent each year since 2009.
- State employees are retiring at records rates (retirement rate in CY 2012 was 25% greater than the CY 2009 retirement rate).
- Executive branch workers have not received across-the-board pay increases in over four years, since October 2008. In the same time, according to the Quarterly Census of Employment and Wages published by the Bureau of Labor Statistics:
 - o Federal government wages increased by 6.6%
 - o Montana's local government wages increased by 7%, and
 - o Montana private sector wages increased by 8.1%.
- Roughly 66,700 jobs will be created in Montana between 2011 and 2021, according to the U.S. Department of Labor. Most of those jobs (80%) will be in the service sector in which state government will directly compete (administrative, maintenance, health care, social service, lawyers, computer services, education workers, etc.)

FY 2012 Broadband Pay Plan *(Legislatively enacted in 1997, the broadband pay plan gives state agencies more flexibility, within their budgets, to customize their pay strategies.)*

- Slightly more than half the executive branch employees received adjustments in FY 2012:
 - o About 70% of those adjustments were intended to address the worst pay problems – *in other words, to the most underpaid employees by occupations.*
 - o Nearly 90% of the employees who received adjustments in FY 2012 were in non-supervisory, non-managerial jobs.

